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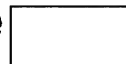


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Prospects for National Reconciliation in Mozambique



*Information available as of 5 July 1989 was used
in the preparation of this Memorandum.*



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July 1989

See

Mozambique at a Glance

Land area 784,100 km² (302,700 miles²)
(about the size of Texas)
 Land boundary 4,570 km (2,840 miles)
 Coastline 2,470 km (1,535 miles)
 Population 14,947,554 (July 1988)
 Average annual population growth rate 3.0%
 (1986-87 est.)
 GNP \$1.3 billion,
 about US \$30 per capita (1987 est.)

Mozambique

- International boundary
- Province boundary
- National capital
- Province capital
- Railroad
- Road

0 50 100 150 Kilometers
 0 50 100 150 Miles

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**Prospects for
National Reconciliation
in Mozambique**

- *A political solution to Mozambique's insurgency will remain elusive but not impossible over the next 18 months.*
- *We expect no decisive shift in the military balance.*
- *The West lacks leverage, particularly over the insurgents, to force compromises on power sharing.*
- *The two sides are exploring terms for talks, but active Soviet and South African involvement would be required for a settlement. African mediation might ease the process.*

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In Search of Reconciliation: Key Positions/Demands Contrasted

	<i>FRELIMO</i>	<i>RENAMO</i>
<i>Ideology</i>	<i>Moving away from Marxist-Leninist doctrinaire rubric and rhetoric. Balancing East and West.</i>	<i>Claims to support pro-Western democratic ideals as well as human rights and freedoms.</i>
<i>Government/politics</i>	<i>One-party state; trying to expand base of support through mass organizations. Proposing reforms for greater political decentralization.</i>	<i>Calls for free multiparty elections. Returns local authority to traditional leaders. Currently has only a rudimentary shadow government.</i>
<i>Economy</i>	<i>Retreating from failed socialist policies. Evolving toward greater role for private ownership and foreign investment.</i>	<i>Advocates free enterprise, but no evidence to judge depth of commitment or understanding.</i>
<i>Negotiating positions</i>	<i>Demands that RENAMO end fighting, renounce violence, and accept amnesty. Opposes official recognition of RENAMO or granting insurgents equal status as a party or negotiating partner.</i>	<i>Seeks direct, open talks with government that would enhance its legitimacy as a political entity. Demands removal of foreign forces.</i>

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Key Judgments

A peace settlement in Mozambique will remain elusive but cannot be entirely ruled out within the next 18 months. While the Marxist government and the RENAMO insurgents recognize that the 12-year conflict cannot be resolved militarily and are moving toward direct talks, both sides will be reluctant to compromise on the key issue of power sharing. ☐

External Leverage

The United States and other Western nations, even collectively, lack sufficient leverage to forge a settlement in Mozambique; RENAMO's international isolation makes it particularly unreceptive to Western influence. Active South African and Soviet involvement would be necessary—albeit not sufficient—to force the compromises to make reconciliation possible. African interest in resolving regional conflicts also could help move the process forward. ☐

Military Standoff

The military balance is unlikely to shift decisively. RENAMO will periodically launch countrywide offensives but will not threaten the capital. Meanwhile, Maputo's efforts to improve its military effectiveness will continue to have little success. ☐

Talking and Fighting

Mozambican President Chissano may be able to enlist sufficient domestic support for direct and serious negotiations with RENAMO, but he will have to tread carefully. Some senior officials oppose any moves that would legitimize the insurgents or undermine the ruling party's preeminence. ☐

Meanwhile, Chissano will persist in his political and military effort to undermine RENAMO. He will continue to foster Mozambique's rapprochement with neighboring South Africa, while also working to bolster international pressure on Pretoria to end its limited, albeit important, covert assistance to RENAMO. At the same time, Chissano will solicit increased military assistance from both East and West. ☐

RENAMO leader Dhlakama, who publicly demands elections, wants talks with the government to bolster the group's claims to legitimacy at home and abroad. Nevertheless, the insurgent leadership is likely to have serious difficulty in fielding a coherent negotiating team in light of disagreements

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and poor communications between the foreign-based political wing and the group's military leadership within Mozambique. While pursuing its political options, RENAMO will prosecute its military strategy of demoralizing government forces, crippling the economy, undermining rural support for Maputo, and further isolating the government's urban strongholds. ☐

Alternate Scenarios

Changes in several key variables could alter our prognosis for a protracted and inconclusive peace process:

- *A dramatic change in the military situation.* Major RENAMO gains could pressure Chissano to compromise on key demands, while serious insurgent setbacks would revive the government's hopes for a military victory and harden its stance toward negotiations.
- *A shift in South Africa's policy.* Pretoria could decide to abandon its rapprochement with Maputo—possibly because of increased ANC (African National Congress) infiltration through Mozambican territory—and sharply increase assistance to RENAMO, which would enable more aggressive insurgent operations and strengthen the movement's bargaining position. Alternatively, South Africa could opt for a political solution to the conflict and cease assistance for RENAMO, which over time would decrease the insurgents' effectiveness somewhat. Pretoria could even decide to intervene directly by removing RENAMO leaders perceived to be blocking a settlement.
- *A change in Soviet policy toward the Chissano government.* Moscow could decide to pressure Maputo to more aggressively pursue a political settlement—for instance, by threatening to further reduce arms aid.

Implications for the United States

A political settlement in Mozambique would contribute significantly to stability and economic development in southern Africa and alleviate widespread suffering and famine in Mozambique. The more the United States becomes directly involved, however, the more it risks charges that it is:

- Not doing enough to pressure South Africa to end support for RENAMO.
- Dealing with the internationally ostracized guerrillas.
- Further legitimizing a Soviet role in the region. ☐

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Discussion¹

After 12 years of conflict between Mozambique's ruling FRELIMO government and the RENAMO insurgency, neither side is in a position to win a military victory. Meanwhile, the war has thwarted a broad economic recovery and caused large-scale suffering, famine, population dislocations, and human rights abuses. Both sides are now under pressure to consider a negotiated settlement, but so far each has been unwilling or unable to propose preliminary settlement terms acceptable to the other. ☐

International interest in forging a settlement to the conflict has increased in recent months, engendered in part by the tripartite agreements on Angola and Namibia reached in December 1988 and the recent cease-fire in Angola. South Africa has proposed a peace initiative involving the United States and the Soviet Union. The United States subsequently has explored possibilities for a reconciliation effort in concert with South Africa, Zimbabwe, and other more loosely coordinated external actors such as the United Kingdom, Kenya, Portugal, and the USSR. Kenyan and various Mozambican church officials already are mediating indirect talks between RENAMO and the government to consider settlement terms. ☐

The government of President Joaquim Chissano, meanwhile, continues to pursue a broad economic, political, and military reform program that has:

- Attracted economic aid from virtually every West European country, the United States, Canada, and Japan, and led to greater World Bank assistance

¹ This Memorandum was initiated by the National Intelligence Officer for Africa in light of growing US interest in promoting national reconciliation between the ruling Front for the Liberation of Mozambique (FRELIMO) and the Mozambique National Resistance (RENAMO). Its time frame is the next 18 months.

and the first IMF program. The reform program has helped foster a limited economic recovery following several years of decline.

- Expanded Mozambique's sources of military training and materiel to include modest programs from several Western nations, including the United Kingdom, Portugal, Spain, and Italy, without infringing on Maputo's crucial supply relationship with its traditional Soviet Bloc and Cuban allies.
- Improved relations with South Africa in an effort to provide an incentive for Pretoria to end covert assistance to RENAMO and promote economic cooperation.
- Introduced several initiatives designed to improve the FRELIMO party's support among Mozambique's rural masses.
- Promoted younger officers into the senior ranks of the Armed Forces of Mozambique (FAM) and attracted Western military assistance, but as yet without improving the Army's performance substantially. ☐

For its part, RENAMO, led by Afonso Dhlakama, has increased guerrilla activity in the past year—particularly around Maputo—resulting in widespread destruction that has virtually nullified the government's progress on the economic front. Dhlakama's recent efforts, however, to improve RENAMO's international and domestic image and unify the divided and inept foreign-based political wing have so far been ineffective. ☐

The RENAMO Insurgency

Military Strategy

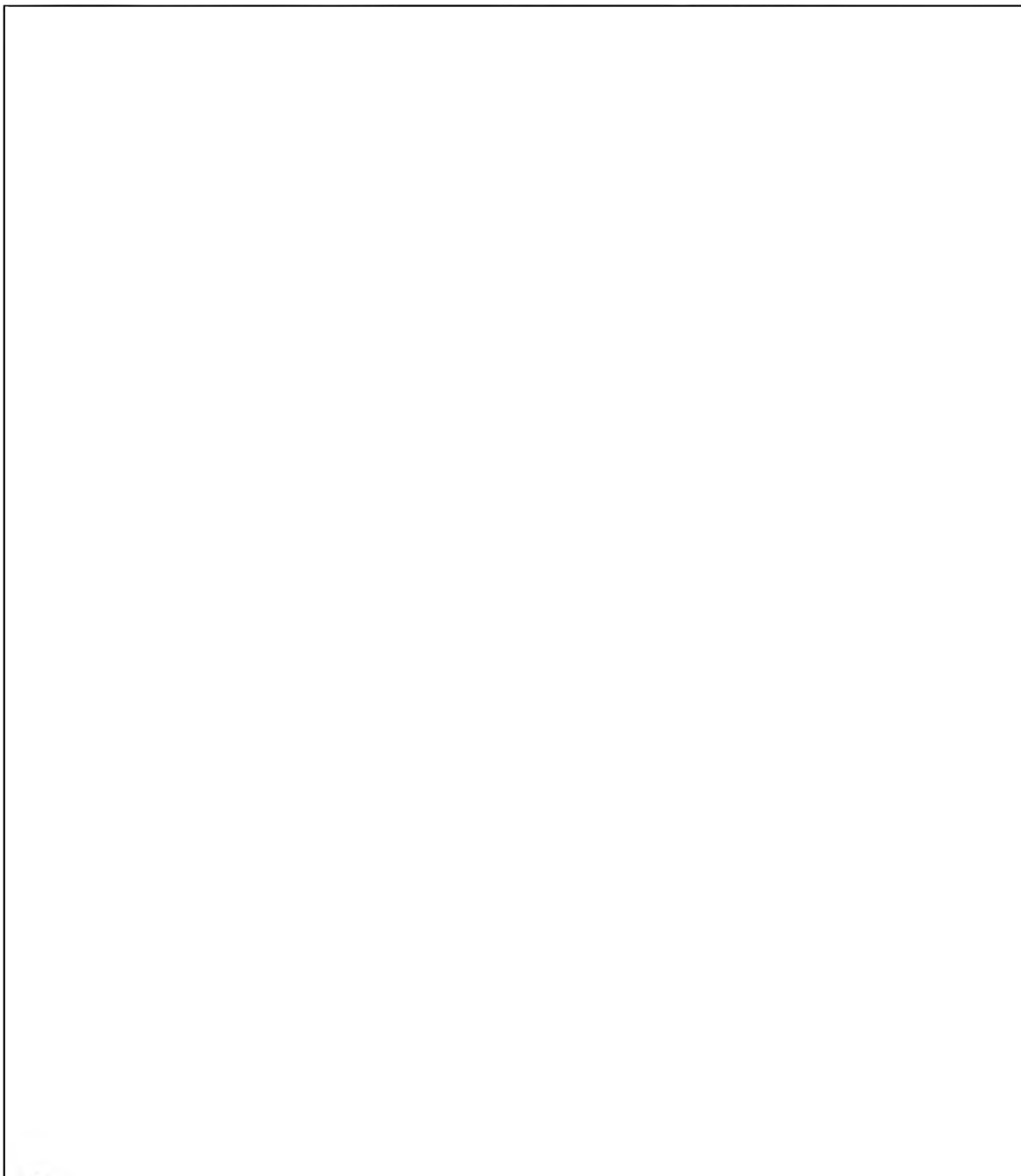
We believe RENAMO realizes that it cannot defeat the Chissano regime militarily. While they are

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~~Secret~~**RENAMO at a Glance****Strength/Growth**

From a cadre of several hundred personnel at its formation in 1977, RENAMO grew rapidly to about 7,000 by 1982, 12,000 by 1985, and 20,000 in 1987. Its strength may now have stabilized because of combat losses, desertions, and recruiting difficulties posed by the war, drought, and government relocation policies. []

Base of Support

RENAMO's membership has traditionally included ethnic groups with disparate interests, aligned by common opposition to FRELIMO policies. Most senior officers in the military wing are reportedly Shona, reflecting the organization's inception under Rhodesian sponsorship, but we believe RENAMO has broadened its ethnic base. Many external, political wing cadre are Portuguese ex-Mozambican residents. Following political changes in 1979 in Rhodesia/Zimbabwe, South Africa assumed sponsorship of RENAMO. Its overt links to the insurgents were severed after the 1984 Nkomati Accord between Pretoria and Maputo, but covert supply continues. RENAMO probably receives communications and medical supplies and training, intelligence support, and possibly small arms and ammunition from South

Africa. Pretoria may also assist internal and external RENAMO leaders with transportation. In addition, the insurgents also receive some logistic support from South African-based supporters, particularly ethnic Portuguese, and from ideological backers based in Western Europe, the United States, and possibly elsewhere. Nonetheless, RENAMO has been largely self-sustaining since 1986. []

Structure

RENAMO's organization includes political and military decisionmaking bodies, both headed by Afonso Dhlakama. The political wing consists of 10 to 12 rudimentary departments, half foreign based. The military wing is based in central Mozambique. Dhlakama, with a General Staff of up to 12 advisers, plans and directs major military campaigns. The military is organized under three fronts—Northern, Central, and Southern—each divided and subdivided along territorial lines. Since 1985, RENAMO has developed at least nine independent battalions, subordinate to the General Staff, and a number of small, specialized units, probably under Dhlakama's direct control. []

unlikely to achieve a decisive military advantage during the period of this Memorandum, the insurgents will maintain strong military pressure on the government. Dhlakama probably calculates that Maputo eventually will be compelled to undertake a dialogue on the insurgents' terms. RENAMO's periodic regional and countrywide operations will continue to cripple the economic infrastructure, undermine rural support for FRELIMO, demoralize government forces, and further isolate the government's urban strongholds. Operating in all 10 provinces, the insurgents mount frequent raids on lightly defended government installations and economic facilities. RENAMO also will probably continue to conduct small-scale cross-border raids into Zimbabwe, and to

a lesser extent Zambia, Malawi, and Tanzania, to gather supplies and increase the cost to countries providing military assistance to Mozambique. []

Prospects are good that the insurgents will increase attacks against higher profile targets—including major transportation routes and the Cahora Bassa hydroelectric complex—and may succeed in overrunning a district or provincial capital. RENAMO is gradually reorganizing its 20,000-man force into larger units for operations against more heavily defended targets and has expanded its presence around the major cities of

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Maputo, Beira, Nacala, and Nampula. Lacking artillery and other heavy weapons, however, RENAMO probably is unwilling to risk an assault on the capital or another major city. [redacted]

[redacted] Should RENAMO be able to utilize the handful of SA-7s and air defense artillery it has captured, the government's ability to maintain its presence in the countryside would diminish and would force the FAM to withdraw even further into a defensive posture around major urban areas. [redacted]

Shortcomings and Challenges

Despite some reorganization, we do not expect significant changes in RENAMO's capabilities over the next 18 months. The group captures most of its basic materiel from government forces and acquires or seizes food from the local populace. Endemic shortages, however, occasionally restrict its activity. The insurgency no longer is expanding in number, but RENAMO probably will be able to maintain its current strength. [redacted]

While RENAMO exercises effective high-level command and control in directing military operations and exploiting tactical intelligence, its ability to effectively discipline lower echelon units, particularly those farther away from central headquarters, appears more limited:

- Dhlakama is attempting to curtail unauthorized abuses of civilians, but human rights violations and occasional deliberate use of terror probably will remain a feature of the conflict and will prevent widespread popular support for RENAMO.
- Dhlakama has been unable to rein in renegade elements operating as armed bandits. [redacted]

- In the event of Dhlakama's death, most insurgent units probably would remain under RENAMO command, but the number of renegade elements would increase. There is no known order of succession to Dhlakama, but the movement's hierarchical chain of command suggests that Commander Raul Domingos—one of Dhlakama's key aides—would be well placed to assume control. [redacted]

External support is important but not vital to the movement's continued viability as a military organization, so outside influence on the group is limited. A complete cessation of South African assistance—and aid from private backers in Western Europe, the United States, and Portuguese expatriates in South Africa—would gradually erode RENAMO's communications advantages, but the loss of occasional deliveries of small arms and basic necessities probably could be overcome without seriously hampering the insurgency. The loss of outside financial support would have its greatest impact on RENAMO's ability to finance the operations of the foreign-based political wing. Such a cutoff also would increasingly isolate the movement's Mozambique-based leaders—who continue to have difficulty leaving the country to solicit international support, police the external wing, and participate in negotiations—but would not appreciably change the course of the war. [redacted]

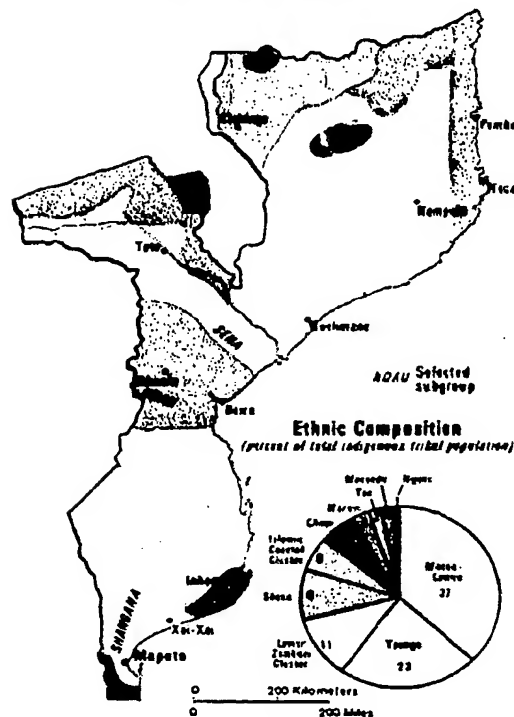
South Africa is unlikely to end its limited clandestine support to the insurgents during the period of this Memorandum. RENAMO is a key element in South Africa's "carrot and stick" policy toward Mozambique that combines military pressure and economic inducements to obtain security concessions from Maputo, particularly vis-a-vis the African National Congress (ANC). [redacted]

[redacted] the likely next president, F. W. de Klerk, may rely less heavily than his predecessor on military means for regional policy. [redacted]

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Figure 2
Ethnic Composition of Mozambique



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RENAMO's military challenge to the Maputo regime has not been matched on the political front.

most of the population is war weary and probably apathetic or resentful toward both RENAMO and the government. The insurgents have made some efforts to build a political base among a core of supporters from the Shona-speaking tribes and Macua-Lomue ethnic group in the central provinces.

As the only opposition to FRELIMO, RENAMO has benefited from widespread dissatisfaction with government policies and, until recently, FRELIMO's heavyhanded political

indoctrination techniques. RENAMO has promoted traditional structures to extend its influence in much of rural Mozambique, but also has relied on fear, coercion, and intimidation to administer areas under its control.

During the next 18 months, RENAMO will not be able to establish more than a symbolic shadow government and will have difficulty presenting itself to FRELIMO and the international community as a credible alternative national leadership. Dhlakama presides over a nominal government as president and military commander, and several of his most trusted advisers serve in political capacities on RENAMO's National Council. Nevertheless, the organization's administrative and institutional structures are still rudimentary.

The Mozambican Government: Initiatives Under Pressure

Counterinsurgency Effort

Maputo's efforts to improve the FAM's effectiveness have had little success, and government counterinsurgency operations will continue to incur manpower and

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~~Secret~~Mozambique: Key PlayersFRELIMO

Joaquim Chissano
President of Mozambique

RENAMO

Afonso Dhlakama

Joaquim Chissano is an experienced negotiator

[redacted] he has begun to prepare the public for an eventual negotiated end to Mozambique's internal strife while at the same time attempting to exploit divisions within RENAMO. [redacted]

A talented role player, Chissano tailors his remarks, demeanor, and operating style to his audience. In pursuit of improved relations with the West and South Africa, he is charming, accommodating, and reasonable. To bolster his domestic image, he has [redacted]

[redacted] inaugurated open exchanges with provincial leaders and peasants throughout the country. He is a member of the southern Shangaana ethnic group that dominates the government. Chissano, 49, [redacted]

An experienced soldier and masterful tactician, Afonso Dhlakama, 37, has remained the unchallenged military and political leader of RENAMO since he took control in 1979 after the death of the movement's first leader. Decisive without being authoritarian, he is most comfortable among his troops in whom he inspires intense personal loyalty. Driven by personal ambition, as well as ideological and ethnic opposition to the Marxist and primarily Shangaana government, Dhlakama—an Ndauc—continues to reject FRELIMO's amnesty proposals. Nonetheless, he realizes that the war is destroying the country and has indicated a willingness to enter negotiations. [redacted]

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The Human Rights Situation

Both government forces and RENAMO insurgents have committed serious human rights violations. Information on the extent of abuses has often been lacking, however, and in some cases it has been difficult to establish blame.

In early 1988, the Mozambican Ministry of the Interior and the FAM political commissar criticized the army for abusing civilians. These abuses reflected poor training and discipline in the army, police, and militia; there is no indication that they had government sanction. In fact, President Chissano has emphasized the need for the security forces to respect civilians, and the government has approved new codes of military conduct and justice.

human rights abuses by government forces have declined, but are still continuing.

RENAMO's human rights record is even worse. Although RENAMO leaders have made an effort to control abuses, they view intimidation of civilians as an integral part of their war effort. The insurgents force civilians to carry arms and supplies. As with government forces, impressment of civilians for military service is common.

the insurgents often disfigure civilians and have murdered civilians who tried to escape from insurgent bases or did not obey orders. Local FRELIMO or government officials are often killed, and, in some cases, individuals with distant connections to the regime have also been selected for assassination. RENAMO has targeted government schools and health clinics.

material losses because of a litany of shortcomings. Morale continues to deteriorate because units often go without food, pay, and supplies for months at a time—in some cases forcing troops to establish subsistence farms, loot local villages, steal international relief supplies, desert, or even defect to RENAMO. FAM's ineffectiveness and abuses of civilians contribute to popular disenchantment with the government. In addition, efforts to promote younger officers into the top leadership ranks have run into opposition from a group of veterans of the pre-1974 independence struggle—represented by Minister of Defense Chispande—who resent the threat to their power, prestige, and perks. These veterans represent a serious hindrance to Chissano's ability to promote military reform.

Meanwhile, the government's amnesty program has had little success and is unlikely to affect RENAMO's military strength. The program, devised in part to demonstrate the government's willingness to reintegrate individual RENAMO combatants under the theme of "national unity," as well as to erode insurgent manpower and coax high-level desertions, has had only limited success. Although Maputo claims to have attracted over 3,500 insurgents under the amnesty offer, all but a few have been noncombatants forced to flee areas of intense fighting.

Foreign Military Assistance

Despite dissatisfaction with FAM's inability to make progress against RENAMO, the USSR—the primary source of military assistance—will not abandon Mozambique, although it already has taken steps to reduce further the cost of its commitment. In addition to the recent decision to withdraw most of their 700 to 800 military advisers, the Soviets next year will cut back deliveries of heavy weaponry—such as jet aircraft and tanks—and focus on lighter weapons more suited to the FAM's needs and capabilities. Chissano has wanted to lessen Maputo's dependence on Soviet support, which he considered largely inappropriate for the counterinsurgency. But undoubtedly he recognizes that the West is unlikely to assume a commitment on

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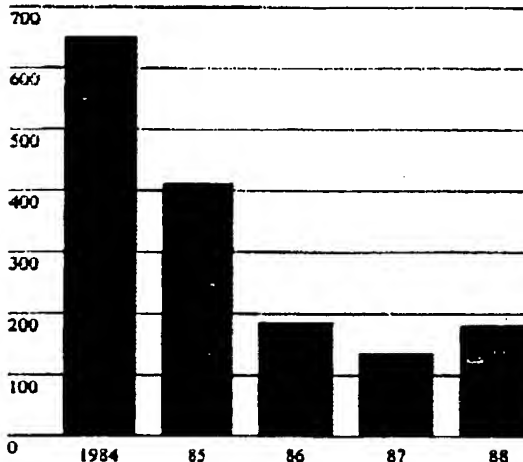
the scale of even a reduced Soviet effort; Moscow provided \$180 million in military assistance in 1988 alone, while Western support has amounted to about \$20 million since 1975.

the 600-
to 800-man Cuban presence may expand slightly to
facilitate training of the militia. []

Mozambique over the past year has been successful in attracting wider foreign military assistance. The United Kingdom recently announced that it would double the number of company-size Mozambican units it trains in Zimbabwe. Private security companies have been training forces for protecting lines of communication and key economic sites. Chissano also has launched a "local defense initiative" using several hundred Cuban advisers to develop a 100,000-man militia over the next two years. Furthermore, the FAM plans to develop a ninth brigade, probably with the assistance of North Korean trainers and Chinese supplies. "Elite" units trained by the Soviets and the

Figure 3
Estimated Value of Soviet Military Deliveries to Mozambique, 1984-88

Million constant 1988 US \$



North Koreans have been deployed in the Maputo area, and several more battalions are undergoing training. []

Nonetheless, these ambitious plans have drawbacks and are unlikely to be implemented fully or have the desired effect:

- Mozambique lacks suitable manpower or resources for additional undertakings, such as a ninth brigade, militia, or other training programs.
- Most Western assistance is aimed at defending vital regional transport routes or protecting economic projects, and will have little impact on Maputo's counterinsurgency prospects.
- By arming civilians to provide local security, the government would invite a major increase in banditry and provide RENAMO with additional opportunities to capture supplies.

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~~Secret~~**FRELIMO and the FAM at a Glance****FRELIMO**

The ruling Front for the Liberation of Mozambique came to power at independence in 1975 as a vanguard Marxist-Leninist party. Major decisions are made by the 10-man politburo whose black members are primarily of the southern Shangana tribe of President Chissano. The politburo operates on consensus. Since assuming leadership in 1986, Chissano has replaced key government figures with like-minded pragmatists who are usually black, conforming with Mozambique's intention to "Africanize" the government. ☐

FRELIMO is trying to broaden its base of support and expand participation in mass organizations, and membership in the party has doubled over the past five years. The government exercises control through party cells that probably only operate in the urban areas, given the chaotic state of the countryside. Most of the population probably has little ideological allegiance to FRELIMO, and appears removed from the country's political process. The Mozambican military is an important component of the FRELIMO party—Defense Minister Chipande is a member of the politburo—with over 11,000 party members. A political structure that reaches throughout the military is responsible for ideological purity and security at all levels. ☐

FAM

The Armed Forces of Mozambique is dominated by the 60,000-man ground force, which includes the 5,000-man Border Guard and at least 15,000 mobilized militia serving under FAM command. Army brigades are deployed in eight of the 10 provinces. Regular army organization includes four to five battalions trained for counterinsurgency operations. In addition to the ground force, the FAM includes a 1,000-man air force, a 3,500-man air defense force, and a 1,500-man navy, all marginally efficient. In addition, another 15,000 militia may serve in local defense or other paramilitary support roles. ☐

One of the least effective armed forces in Africa, the FAM has been able to secure major population centers but has been unable to prevent RENAMO from operating throughout rural Mozambique. Since 1985, many of the significant counterinsurgency offensives have occurred when the FAM was augmented by combat forces from Zimbabwe or Tanzania, and have largely centered on reoccupying towns sacked and deserted by RENAMO. Some limited improvement in capability will result from British, Soviet, Cuban, and North Korean training of specialized counterinsurgency battalions. ☐

As a result, the government will remain reliant on other foreign troops. The withdrawal of Tanzania's 3,200-man contingent from Zambezia Province late last year, and the dramatic expansion in RENAMO activity that ensued in that region, demonstrates how potentially damaging the loss of external support can be. Malawi is likely to maintain at least an 800-man contingent to protect the Nacala rail line. Zimbabwe is unlikely to withdraw its 5,000- to 6,000-man expeditionary force, which is crucial to the Mozambican counterinsurgency effort and to Zimbabwe's own economic security. ☐

Economic Measures

Chissano is implementing a major reform program that is aimed at reversing a protracted period of economic contraction. Despite limited gains generated by the reforms and increased foreign aid, however,

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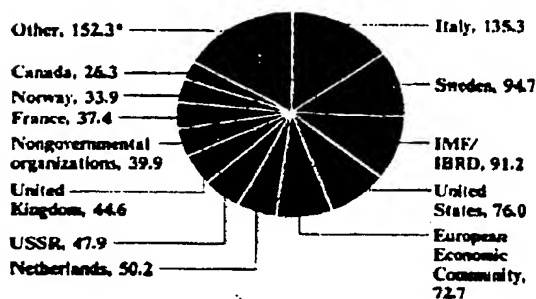
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Figure 5
Mozambique: Selected Foreign Aid Donors,
1987

Million US \$

Total: 902.4



* Includes aid by 10 smaller donors and East Bloc states.

Source: US Embassy.

prospects for a broad and long-lasting economic recovery over the next several years are poor. The economy is unable to support even the most basic standards of living for large segments of the population. At less than US \$100, Mozambique's per capita GDP lags behind such neighbors as South Africa (\$2,360), Zimbabwe (\$540), and even Malawi (\$170). The RENAMO insurgency, coupled with failed government policies, will continue to be the principal obstacles to economic progress.

Insurgent attacks affect all sectors of the economy, not only by damaging productive facilities, but by forcing the government to use costly and inefficient armed convoys to move export crops, food, and consumer goods throughout much of the country. Many farmers have been forced off their land and have become refugees dependent on food aid for survival. Railroads—a potential source of foreign exchange

from shipments by neighboring countries through Mozambique's three ports—are targets of frequent attacks. The insurgent threat has scared away potential foreign investors.

Finally, the counterinsurgency effort has boosted defense spending to more than 40 percent of total budget outlays, thus diverting funds from social and capital investment projects.

Aside from an end to the insurgency, sustained economic recovery also would require a more extensive abandonment of failed socialist policies and institutions and a greater effort to regenerate private enterprise. Although Maputo's economic reform program goes part way toward redressing some of the principal faults of the socialist system, the formidable bureaucracy continues to obstruct reforms and their implementation. Moreover, while the population has been quiescent to date—with the exception of recent student protests—economic reforms risk provoking popular unrest and increased opposition within the government and party. Austerity measures designed to cut budget deficits have increased hardships for the unemployed and poor; more than 10,000 of the 16,000 workers that have been fired to increase the efficiency of government-run operations have not been able to find new jobs. A Mozambican Government study shows that, while the reform program has led to increased supplies of food in urban stores, it also has undermined the purchasing power of the urban poor and led to increasing levels of urban malnutrition. Popular perceptions of mismanagement and inequality could contribute to economically motivated protest.

The reform program has attracted major support from Western nations and international financial institutions, however, and, as a result, is likely to continue to contribute to economic growth over the next few years. Heavy foreign aid has opened Mozambique's Beira railroad and port for Zimbabwean shipments, and could lead to the beginning of limited

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~~Secret~~*Economic Reform and Foreign Assistance*

Key goals of FRELIMO's reform program are to increase productivity by transferring selected economic activities from government to private hands, acquiring financial aid from the IMF and World Bank, and attracting increased levels of Western and South African aid, investment, and trade. Major provisions include:

- Devaluations totaling nearly 95 percent.
- Cuts in consumer subsidies.
- Restrictions on the growth of credit to government corporations.
- Improved price incentives for farm and industrial production.
- Legislation to make investment in family farms and private firms more attractive.
- Legalization of private mining.
- Liberalized foreign exchange controls.
- A reduction in the government's export monopoly, enabling private firms to compete against public enterprises for export contracts.

Demonstrating their support for the economic reform program, private and official Western creditors agreed in 1987 to reschedule repayments on about \$1.6 billion of Mozambique's at least \$3.6 billion foreign debt to Western lenders. In addition,

disbursements of economic development assistance jumped sharply to \$800-900 million a year in 1987-88 compared with only \$217 million in 1986. Included were \$50 million in disbursements under the terms of Mozambique's first IMF structural adjustment loan. Finally, donors agreed in November 1988 to provide \$1.4 billion to meet estimated aid requirements for 1989. Over 90 percent of total disbursements of foreign economic aid to Mozambique since 1987 have been from Western nations and aid organizations such as the World Bank.

The economic reform program is not yet reducing Mozambican requirements for food aid and is unlikely to do so as long as the insurgency continues. Although food aid has prevented widespread starvation, malnutrition is increasing. The number of people dependent on imported food in the year beginning May 1989 has increased to some 7.6 million (over half the total population) from about 6.9 million in the preceding year. Food shortages stem largely from distribution problems associated with the unsettled security situation in the central provinces, where corn production has been relatively high, as well as from insufficient rainfall in southern areas of the country.

commercial traffic on the country's two other cross-country railroads later this year. The government, moreover, appears to be committed to expanding the reform program in some promising ways. Recently, for example, it has begun considering measures to return a number of nationalized farms and industrial facilities to private South African and Portuguese corporations that had owned and operated them before independence. A return of such nationalized properties that are now virtually moribund could

provide an important boost to economic activity if carried out on a significant scale and shielded from RENAMO. It could also decrease private support to RENAMO from disgruntled former owners.

Political Dynamics

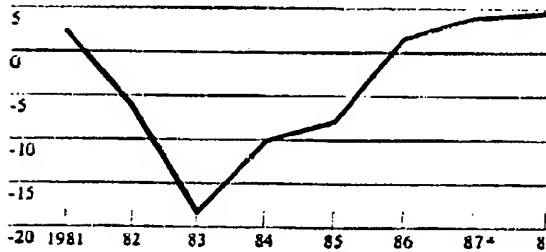
It is unclear whether the top decisionmaking bodies in Maputo have reached a consensus on ending the

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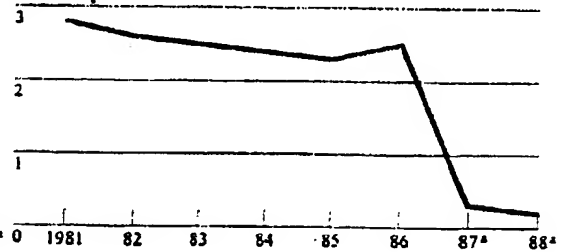
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Figure 6
Mozambique: Selected Economic Indicators, 1981-88

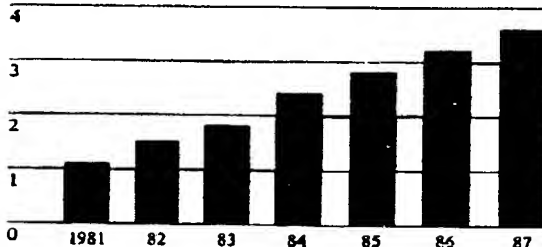
Note scale change
Economic Growth
 Percent



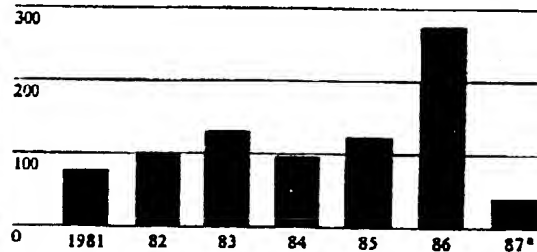
Exchange Rate
 US cents per metical



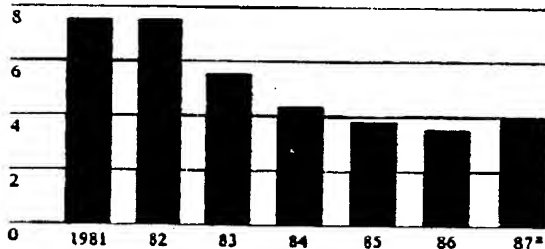
Foreign Debt*
 Billion US \$



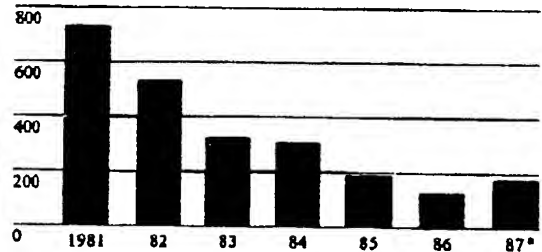
Debt Service as Share of Exports*
 Percent



Port Traffic
 Million tons



Export Crops
 Thousand tons



* Estimated.

* Fluctuations reflect impact of debt rescheduling.

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conflict and how to do it, but there is broad support for Chissano's "comprehensive strategy" of political and economic reforms, military reorganization, and a broadening of diplomatic contacts to facilitate an economic recovery and the defeat of RENAMO. Some ideological hardliners, notably Marcelino dos Santos, are less than enthusiastic proponents of improved ties to South Africa and the West, however, and are concerned that further economic and political reforms will undermine FRELIMO's authority. Although they have lost influence and are currently in no position to challenge Chissano's leadership, the hardliners will continue to act as a brake on bolder policy initiatives. Moreover, if Chissano is to pursue a settlement with RENAMO, he also will have to cultivate the support of Defense Minister Chipande and, by extension, some of the more highly placed war veterans. []

Given Chissano's penchant for consensus building, major progress on national reconciliation is unlikely until after the party congress later this month, where Chissano almost certainly will seek approval for his policy goals for the next four years. Because the issue of national reconciliation is so contentious, there has been little formal debate so far within party structures on whether and how to pursue a negotiated settlement. Chissano, however, has encouraged Kenyan- and church-brokered exploratory contacts with RENAMO that could lead to direct talks, and he almost certainly has sought the approval of other senior party officials for this initiative. In any case, we expect Chissano to further entrench his control at the congress by appointing like-minded pragmatists to the politburo. []

Chissano also will propose political reforms designed to overcome the disaffection among the predominantly rural populace that has allowed RENAMO to exploit anti-FRELIMO sympathies. Constitutional revisions allowing for popular participation in indirect presidential elections are being discussed. FRELIMO also plans to promote membership in mass organizations that will be empowered to represent the interests of their constituents. The party already has greatly improved relations with religious institutions to enjoin their cooperation in providing social services and

improving the regime's reputation. Chissano is unlikely to push any initiatives that threaten FRELIMO's one-party rule, however, and the party will not be able to make inroads into rural areas so long as RENAMO remains the dominant military presence. []

Diplomatic Pressures

International support from both Western and East Bloc allies will continue. Nevertheless, the growing consensus among Mozambique's allies that a government victory over RENAMO is remote will put Chissano under increasing donor pressure to seek a negotiated settlement with the insurgents. []

Soviet Options. Moscow will retain significant leverage over the Chissano government. Despite the recent adjustment of its military aid program, the USSR will remain Mozambique's primary supplier of arms assistance and oil. Moscow has generally supported Maputo's efforts to attract economic aid from the West and, to limit further the cost of its own involvement, will continue urging Chissano to search for a political solution to the conflict. Moscow also has indicated a willingness to participate in multilateral peace talks. []

Despite its influence over Maputo, Moscow does not seem inclined to heavily pressure Chissano or leave its client vulnerable. Undoubtedly aware of the difficulties confronting Chissano in trying to negotiate with RENAMO, the Soviets do not appear to expect an early political solution. Moscow is likely to play only a secondary role in any Mozambican reconciliation effort, but might well be willing to exert greater pressure on FRELIMO at critical junctures. Meanwhile, the Soviets will continue to provide enough arms to ensure that Mozambican Government forces retain their hold over Maputo and other urban centers. []

Western Ties. Chissano has responded positively to efforts by the United States and the United Kingdom to explore possibilities for a settlement. He almost certainly recognizes that economic development

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~~Secret~~**South Africa's Twin Strategy Toward Mozambique**

Pretoria has long pursued a two-track policy of using persuasion and coercion—alternately or at times simultaneously—to obtain Maputo's cooperation on bilateral issues. Since the signing in 1984 of the Nkomati Accord (a mutual nonaggression pact), relations have on balance improved—despite Pretoria's covert assistance to RENAMO and occasional covert attacks against ANC targets in Mozambique—because of increasing diplomatic contacts intended to cement political and economic ties:

- South Africa and Mozambique agreed in August 1987 to reactivate a joint liaison committee, which now meets on a monthly basis to address economic and security issues.
- Negotiations in 1988 on reopening the Cahora Bassa hydroelectric complex served as a key vehicle for improving relations, allowing for wider contact between officials and possible expansion of trade and a new bilateral labor accord. Pretoria has even provided nonlethal military aid to help protect the complex.

- South African President Botha's summit in September 1988 with President Chissano was the capstone of a yearlong effort by both nations to improve relations. ☐

Pretoria's dual policy has achieved its primary objective—a decline in ANC guerrilla operations launched from Maputo—and also has enhanced prospects for economic and political gains. But regional developments could undermine the emerging "good neighbor" policy toward Mozambique. A collapse of the December 1988 tripartite accord on Angola and Namibia or a security crisis arising from political upheaval in Namibia would retard further progress in the rapprochement by undermining both Pretoria's and Maputo's fragile confidence in their ability to forge an enduring bilateral relationship. Finally, a rise in domestic unrest would compel the South African Government to secure its right political flank by resorting to greater repression, a development that would make Maputo uneasy about continued cooperation with Pretoria. ☐

requires additional Western assistance and does not wish to appear obstructionist. Chissano has been responsive to the need to promote a less dogmatic FRELIMO agenda, and his efforts to improve relations with the church are likely to result in renewed diplomatic relations with the Vatican. ☐

Portugal also is encouraging negotiations but is unlikely to exert significant influence over a peace process given the political sensitivity of dealing with its former colony. Lisbon is providing limited military assistance, including logistic training and occasional small-arms deliveries, but conservative opposition to improved relations with Maputo remains fierce. ☐

The Regional Factor. Mozambique's neighbors support a national reconciliation process. Zimbabwean President Mugabe, however, is resisting involvement

in any US-led peace initiative out of fear of being drawn into a public dialogue with South Africa. He supports Chissano's efforts to explore contacts with RENAMO through Kenyan and church intermediaries, however, and would probably be willing to act as a facilitator or mediator if requested to do so by Chissano. In any case, Zimbabwe would seek to protect its economic interests in Mozambique. ☐

Kenya's President Moi wants to promote a more serious settlement effort. Zairian President Mobutu also has expressed willingness to mediate peace talks, although his leverage over both the government and the insurgents will be limited. Depending on the

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success of Angolan reconciliation efforts, African leaders might convene a summit to promote peace in Mozambique as they did last month in Zaire regarding Angola. ☐

Chissano hopes that rapprochement with South Africa eventually will convince Pretoria that it is no longer in its interests to use RENAMO to destabilize Mozambique and that without South African assistance the insurgency will wane. To this end he will probably continue to expand bilateral economic cooperation, restrict the presence and activities of the ANC, and restrain harsh anti-South African rhetoric in the government-controlled press. Pretoria's desire to demonstrate a more constructive approach to the region and Maputo's urgent need for economic cooperation probably will keep the rapprochement on track. Chissano probably overestimates Pretoria's willingness and ability to influence RENAMO, however, and ties to South Africa will come under increasing criticism from hardliners and Frontline² leaders as RENAMO activity continues unabated. Pretoria and Maputo generally have shown great restraint, confining potentially damaging allegations to joint economic and security commissions established last year. A major ANC incursion from Mozambique or irrefutable proof of large-scale South African support to RENAMO, however, could set off a downturn in relations. ☐

Outlook

Seemingly irreconcilable long-term objectives are likely to slow progress toward mutually acceptable settlement terms during the period of this Memorandum. Although both sides may make some concessions, neither the government nor RENAMO appears to be under sufficient pressure to force compromises on the key demands thwarting a settlement:

- FRELIMO aims to protect its political monopoly and hold on power, and has demanded that RENAMO cease hostilities, renounce violence, and accept Maputo's amnesty offer.

² The Frontline States—Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe—comprise a regional political group formed originally to promote Zimbabwean independence. Subsequently, it has focused on the antiapartheid struggle. ☐

- Dhlakama has publicly demanded that the government agree to hold free elections, probably calculating that the vast majority of the rural populace would have little choice but to support RENAMO—the dominant military presence—in any elections. ☐

Although both RENAMO and the government have undertaken preliminary steps toward a negotiating process, this may represent only a short-term strategy by both parties rather than a long-term commitment to national reconciliation:

- Dhlakama undoubtedly would seek to capitalize on any formal peace process to improve his movement's badly tarnished image and appeal for international support.
- Chissano probably would work to translate international interest in a settlement process into increased Western aid to Mozambique and pressure on Pretoria to end its support for RENAMO.
- Chissano also could calculate that contacts with insurgent representatives would fuel dissension within RENAMO's political ranks and stymie progress toward a settlement. Maputo could then appeal for increased foreign support for a military solution. ☐

There is a good chance that the government and RENAMO will establish direct contact. Both RENAMO and the Chissano government probably will be content to muddle along, however, rather than make the serious compromises necessary for a settlement. Moreover, RENAMO's difficulty in fielding a unified negotiating team will hinder talks, as will logistic difficulties and risks associated with travel outside Mozambique by Dhlakama or his representatives. As a result, negotiations will be protracted and probably will be punctuated by periods of intensified hostilities as both sides seek to gain a military advantage to force concessions at the table. Negotiations could eventually break down if neither side demonstrates flexibility on key demands. ☐

Outside actors—including the Vatican, the United Kingdom, and the Soviet Union—will encourage negotiations, but most have no leverage over RENAMO

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and are unlikely to pressure Maputo for unreciprocated concessions. A multilateral effort to pressure South Africa to adhere to the terms of the 1984 Nkomati Accord is likely. For its part, Pretoria will seek to ensure that it has a role in any peace process or that its interests are protected. Although many in Pretoria prefer to ride out the Namibian independence process to a successful conclusion before launching into a full-blown Mozambican peace initiative, Foreign Minister Botha might try to draw the United States and the USSR into an active diplomatic effort sooner. In any event, Pretoria will face continued allegations of ongoing support for RENAMO. ☐

Less Likely Scenarios

Key variables that could alter the outlook for national reconciliation—singly or in combination—include dramatic changes in the military situation that would favor one side or the other, a shift in South African policy toward Mozambique, or a sharp change in East Bloc support for the Chissano regime:

- Major RENAMO gains could fuel further deterioration in the morale of government forces, possibly resulting in the fall of a major brigade headquarters or provincial capital or even a wider fragmentation of the FAM. Relatively better supplied and equipped troops around Maputo probably would be able to stave off a catastrophic government defeat. Nevertheless, Chissano might be compelled by war-weary elements of the FAM to compromise on key demands in order to achieve an interim cease-fire.
- In the event of Dhlakama's death or, even less likely, a successful government offensive, some RENAMO units could opt to surrender under the government's amnesty program or form renegade units that would not be subject to any formalized peace process. While under such circumstances the insurgency would not disappear, its capabilities could be undermined temporarily, boosting Maputo's confidence that time was on its side. Any negotiations would become more difficult.
- South Africa could decide to stress more heavily one or the other aspect of its "carrot and stick" approach to the Mozambican Government. Complete cessation of aid to RENAMO, for example, would

reduce the insurgents' effectiveness over time and could encourage them to make concessions. Pretoria could also opt to intervene directly to remove RENAMO leaders it perceived as blocking a settlement. Should Pretoria decide to jeopardize its rapprochement with Maputo, however—perhaps provoked by a resumption of ANC activity—South African assistance to the insurgents could increase sharply, enabling RENAMO to more aggressively threaten the government and strengthen its bargaining position in negotiations.

- A sharp change in Soviet policy toward the Chissano government would have an important impact on the outlook for a settlement. Moscow could decide to pressure Maputo to pursue more aggressively a political settlement. For instance, it could threaten to further reduce arms aid. Depending on developments in the Soviet Union and in East-West relations, on the other hand, Moscow could revert to a hardline attitude and encourage Maputo to drive a hard bargain in talks while continuing the military effort with renewed Soviet support. ☐

Implications and Opportunities for the United States

The possibility of a political settlement in Mozambique holds opportunities and risks for the United States. US efforts to encourage negotiations allow Washington to build on the momentum of the tripartite accords on Angola and Namibia by again demonstrating US commitment to work for peace and development in southern Africa. Moreover, cooperation with other key actors, such as Zimbabwe, would help bolster US relations with the Frontline States, which stand to benefit from a peaceful resolution of the conflict. Improved stability in southern Africa would also enhance the prospects for effective rehabilitation of key regional transportation routes that run through Mozambique. Many southern African states look to Washington to play a leading financial and political role in Western donor efforts to develop the transportation network as a way to reduce the

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region's economic dependence on South Africa. Finally, a settlement would remove the primary obstacle to a broad and long-lasting economic recovery, and help stem the tide of civilian suffering. ☐

Western nations, however, lack sufficient leverage to force a settlement. While Maputo almost certainly seeks greater Western pressure on Pretoria to cease support for RENAMO, the government can avoid painful concessions so long as Moscow does not exert its influence through its crucial military supply relationship. So long as RENAMO's internal leaders remain internationally isolated, the West's ability to encourage RENAMO toward a settlement will be limited. Moreover, the more Washington becomes directly involved, the more the United States will be vulnerable to charges that it is:

- Not doing enough to pressure South Africa to end its support for RENAMO.
 - Dealing with the internationally ostracized RENAMO guerrillas.
 - Further legitimizing a Soviet role in the region.
- ☐

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Annex

Other Key Players

FRELIMO

General Alberto Chipande

Defense Minister since 1975 ... ranks third in party politburo ... as a northerner, helps ethnic balance ... formerly aligned with Marxist hardliners, defers to President on most issues ... accedes to overtures to West and may support negotiations with RENAMO ... closely allied with old guard in the military; feels threatened by younger, better educated officers who have risen under Chissano ... has made little headway in improving military's performance against RENAMO ... 49. []

Marcelino dos Santos

President, Peoples' Assembly, largely ceremonial position ... remains powerful figure in party, ranks second in politburo ... socialist ideologue, []

[] ... outspoken critic of South Africa ... legal interim successor to Chissano, []

Armando Guebuza

Minister of Transport and Telecommunications ... ranks fourth in politburo, but most likely presidential successor ... a retired general, is extremely popular in military, party, and his own Macua ethnic group—largest in Mozambique ... ardent black nationalist and Chissano loyalist ... would back negotiations with RENAMO ... advocates improved relations with the West, []

[] ... rumored to be next Prime Minister or Defense Minister ... about 46. []

Mariano Matsinhe

Minister of Security ... ranks sixth in politburo; rising star in Chissano government ... strong supporter of economic reforms ... []

Mario Machungo

Prime Minister ... ranks seventh in politburo ... a top bureaucrat and presidential assistant ... concentrates on administrative details ... unlikely successor to Chissano despite high profile ... lack of liberation struggle credentials diminishes clout and influence with military ... follows Chissano's lead on policy decisions, including talks with RENAMO ... probably belongs to a Shangana-speaking ethnic group ... 48. []

RENAMO

Raul Domingos

Recently appointed secretary for foreign affairs ... key aide to Dhlakama since early 1980s ... most likely successor ... []

[] senior combat-proven military commander ... strict disciplinarian, but popular with troops ... []

[] ... member small Sena tribe, historically allied with Dhlakama's Ndau ethnic group ... 31. []

Vincente Ululu

Named secretary for information and propaganda during recent RENAMO congress ... was Mozambique-based secretary for internal administration ... []

[] ... serves as political counselor, public relations adviser, speechwriter, and English tutor ... maintains low personal profile ... []

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[redacted]
 ... former FRELIMO soldier, like Dhlakama ... educated in Tanzania ... 43. [redacted]

Arturo da Fonseca
 RENAMO representative to West Germany ... recently replaced as secretary for foreign affairs ...

[redacted]
 studied law in East Germany, early 1960s ... former member FRELIMO, joined RENAMO in 1983 ... belongs to Dhlakama's Ndau ethnic group ... 49.
 [redacted]

Francisco Nota

Replaced as secretary for information and propaganda during recent congress ... [redacted]

association with RENAMO's Nairobi office may enable him to continue to play role in talks with government ... [redacted]

[redacted]
 LIMO ...

[redacted] former member FRE-

[redacted] appointed RENAMO's representative to United States in 1985, but was denied visa ... subsequently allowed into Canada ... member of Sena ethnic group ... 35. [redacted]

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